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FM AMEMBASSY BOGOTA

TO RUEHC/SECSTATE WASHDC 8641

INFO RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHBR/AMEMBASSY BRASILIA 8859

RUEHCV/AMEMBASSY CARACAS 2181

RUEHGT/AMEMBASSY GUATEMALA 3157

RUEHLP/AMEMBASSY LA PAZ 0113

RUEHPE/AMEMBASSY LIMA 7483

RUEHMU/AMEMBASSY MANAGUA 2663

RUEHML/AMEMBASSY MANILA 0253

RUEHME/AMEMBASSY MEXICO 0107

RUEHOT/AMEMBASSY OTTAWA 2586

RUEHZP/AMEMBASSY PANAMA 3567

RUEHQD/AMEMBASSY QUITO 8223

RUEHSJ/AMEMBASSY SAN JOSE 5593

RUEHSN/AMEMBASSY SAN SALVADOR 2407

RUEHSG/AMEMBASSY SANTIAGO 2494

RUEHTG/AMEMBASSY TEGUCIGALPA 2132

RUCPDOC/DEPT OF COMMERCE WASHDC

RUEHRC/DEPT OF AGRICULTURE WASHDC

RUEATRS/DEPT OF TREASURY WASHDC

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SENSITIVE

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TAGS: ECON ETRD ECIN CO

SUBJECT: COLOMBIA-EU TRADE TALKS PROGRESS, EYEING JULY
CLOSURE

REF: A. BOGOTA 558

1B. 08 BOGOTA 3705

11. (SBU) SUMMARY. The May 4-8 EU-Andean trade negotiation round produced concrete results and optimism that following two subsequent rounds Colombia and Peru might close their negotiations in July. Ecuador appears to be falling behind its two Andean neighbors and reportedly has asked for certain opt-outs or at least more time to negotiate. Many significant issues remain to be resolved, most notably the EU's tariff on imported bananas. END SUMMARY.

TALKS PROCEED IN EARNEST

12. (SBU) The May 4-8 round in Brussels was the sixth overall and third since the two sides abandoned the "bloc-to-bloc" format after the Andean Community could not reach consensus in mid-2008 (Reftels). GOC and EU Mission members in Bogota told us negotiators made solid progress at all of the thirteen tables and have already closed negotiations in some tables, including Capacity Building and Development. GOC officials told us privately they learned from their experience with the U.S. how prolonging trade talks carries political risks, and are eager to wrap up talks before the June EU election results could impact ratification. The next round is scheduled for June 15-19 in Bogota, followed by what GOC officials hope will be the final round for Colombia and Peru at the end of July in Lima.

ECUADOR PROVIDES "BIZARRE INTERLUDE"

13. (SBU) An EU report that local EU Mission members shared with us describes the round as "an overall success, with a few bizarre interludes." The latter reference concerns a letter dated April 30 that the EU received from Ecuador's

Acting Foreign Minister, Lautaro Pozo, asking for certain opt-outs or at least more time to address areas that could be in violation of the Ecuadorian Constitution. According to our EU Mission contacts, the Ecuadorian negotiating team in Brussels had no knowledge of Pozo's letter.

BANANA TARIFF TOPS THE LIST OF OUTSTANDING ISSUES

¶4. (SBU) EU officials told us they tabled an offer to lower the tariff on bananas from the current level of 176 euros per ton to 95 euros over a period of ten years, following entry into force of the FTA. Colombia's counteroffer was 75 euros, which is very similar to Ecuador's, according to Colombian Trade Ministry officials. Also at issue is how and whether to link any deal on bananas in the FTA to the ongoing WTO banana case. NOTE: The EU offer in 2008 Doha Round talks was reportedly to reduce tariffs to 114 euros per ton by 2016.
END NOTE.

¶5. (SBU) Other significant unresolved issues between Colombia and the EU include: 1) whether goods produced in Colombian free trade zones will be eligible to benefit from FTA provisions; 2) phaseout periods for Colombian tariffs on European vehicles and autoparts (10 years versus five years); 3) a series of Colombian import restrictions on wines and liquors; 4) access to the Colombian market for European pork and dairy products; 5) access to the European market for Colombian sugar; 6) protection of Colombian biodiversity; 7) "free circulation" in the three Andean countries of European

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goods imported into one of the three; 8) the patent protection period for pharmaceuticals (25 years versus 20 years); and 9) the period for data protection (11 years versus five years).

Nichols